

# Lowdown on high cost of gold

By Roger Boye

**T**his week's column answers questions about an always popular collectible—gold.

**Q**—Why can't I buy a one-ounce American Eagle at the market price for gold? Dealers want a premium of \$18-\$25 over the gold value.

J.H., Oak Lawn

**A**—You're paying the seller's commission as well as minting and shipping costs. Eventually you may get part of the premium back because most dealers offer investors the spot gold price plus \$10 or so to buy a one-ounce Eagle.

Incidentally, dealers often make less than \$10 on a one-ounce Eagle, not much for an item costing more than \$400.

**Q**—I've read an advertisement for a \$245 gold pendant containing 116 grains of 18-karat gold. That sounds like a lot of gold to me. How much is the metal worth?

E.R., Wheaton

**A**—Less than \$100 at current commodity prices. The item contains just .18 troy ounce of gold (116 grains equates to .24 of one troy ounce and 18 karat is 75 percent pure gold).

**Q**—What was the all-time high price for an ounce of silver and gold?

R.W., Chicago

**A**—Silver peaked at \$50.35 and gold at about \$875 per troy ounce on Jan. 21, 1980. By June 1982, silver had dropped to \$5 and gold to \$300 an ounce.

**Q**—I've seen a reference to gold coins "with papers." What does that mean?

D.S., Chicago

**A**—The dealer is selling coins with certificates of authenticity and grade from the American Numismatic Association or other professional services.

**Q**—What makes gold so valuable?

F.B., Chicago

**A**—Gold is a beautiful, scarce metal that resists rust and tarnish. It can be rolled to a thickness of about four-millionths of an inch, reflects heat and radiation, is a superior conductor of electricity, and has applications in medicine, among other things. Also, it serves as a medium of exchange.